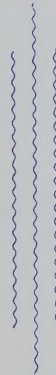


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JUN 17 1962

**New Surpass
Petrochemicals Limited**



**ANNUAL REPORT
1 9 6 2**

New Surpass

Petrochemicals Limited

Directors

FRED W. EVANS	-	-	-	-	-	-	-	-	Toronto, Ontario
ELLIS A. CLARKE	-	-	-	-	-	-	-	-	Toronto, Ontario
GEORGE H. MONTAGUE	-	-	-	-	-	-	-	-	Toronto, Ontario
C. A. WELTMAN	-	-	-	-	-	-	-	-	Niagara Falls, N.Y.
WILLIAM BLOKHUIS	-	-	-	-	-	-	-	-	Toronto, Ontario
A. A. STODDART	-	-	-	-	-	-	-	-	Toronto, Ontario
G. H. BELL	-	-	-	-	-	-	-	-	Toronto, Ontario

Officers

FRED W. EVANS	-	-	-	-	President and General Manager
ELLIS A. CLARKE, C.A.	-	-	-	-	Vice-President and Treasurer
GEORGE H. MONTAGUE	-	-	-	-	Secretary

Transfer Agents and Registrars

PRUDENTIAL TRUST COMPANY LIMITED,
366 Bay Street,
Toronto, Ontario.

Auditors

MESSRS. THORNE, MULHOLLAND, HOWSON & McPHERSON,
111 Richmond Street West,
Toronto, Ontario.

Bankers

TORONTO-DOMINION BANK,
Birchmount and Ellesmere Rds.,
Scarborough, Ontario.

Solicitors

BLACKWELL, HILTON, TREADGOLD AND SPRATT,
372 Bay Street,
Toronto, Ontario.

Head Office and Plant

36 Upton Road,
Scarborough, Ontario.



PRESIDENT'S REPORT

It is gratifying to report to you the results achieved by your Company in 1962.

The accompanying Comparative Statements show that while sales were down by 2.4%, operating profits before depreciation were up by 148% over 1961. The Company earned a net profit of \$26,879 after allowance for depreciation; the first net profit in its history.

This improved performance can be attributed primarily to increased operating efficiency made possible by a continuous program of process research and devaluation of the Canadian dollar which enhanced the value of the Company's export sales.

The earnings of your Company during 1962 were used as follows:

New equipment costing approximately \$15,000 was purchased to improve efficiency and diversify product lines.

Long term debt was reduced by about \$53,500.

The balance of earnings were applied to working capital improving the ratio of current assets to current liabilities from 1.75 to one in 1961 to 2.37 to one in 1962.

As was anticipated in last year's report, a considerable volume of business was lost because an important customer elected to install its own manufacturing facilities. It is satisfying to report that your Company has been able to develop alternate products which are expected to maintain your Company's sales volume in 1963. Furthermore, this development has resulted in a broadening of our product lines so that our sales and profit potentials are now greater than they were previously.

During 1963, additional expansion and diversification are contemplated. While it is anticipated that the capital requirements for this expansion can be obtained through borrowing and cash earnings, it is nevertheless felt that additional authorized capital should be available for opportunities which may present themselves. Your approval of this increased capital is being sought at the Company's Annual Meeting.

Our efforts toward increased efficiency and lower costs will be continued. Broader markets will be sought for our products. With these programs, your management feels that 1963 can be a more profitable year than 1962. Your continued support will be most appreciated.

Respectfully submitted,

FRED W. EVANS,

President.

Toronto,
May 30, 1963.



New Surpass Petrochemicals Limited

Incorporated under the laws of the Province of Ontario

Balance Sheet

(With comparative figures for 1961)

ASSETS		1962	1961
CURRENT ASSETS:			
Cash		\$ 19,877.93	\$ 14,666.00
Accounts receivable		21,743.62	57,983.97
Inventories, at lower of cost or market		78,561.66	65,797.67
Prepaid expenses		7,804.95	7,384.80
		<u>127,988.16</u>	<u>145,832.44</u>
SECOND MORTGAGE RECEIVABLE		<u>3,809.56</u>	<u>4,288.42</u>
FIXED ASSETS:			
Plant and equipment, at cost		878,369.80	863,745.92
Less Accumulated depreciation		283,428.73	230,726.54
		<u>594,941.07</u>	<u>633,019.38</u>
ORGANIZATION EXPENSE		<u>2,175.40</u>	<u>2,175.40</u>
		<u>\$728,914.19</u>	<u>\$785,315.64</u>

Approved on behalf of the Board:

F. W. EVANS, Director.

E. A. CLARKE, Director.

AUDIT

To the Shareholders of
New Surpass Petrochemicals Limited:

We have examined the balance sheet of New Surpass Petrochemicals Limited on that date. Our examination included a general review of the accounting procedures necessary in the circumstances.

In our opinion the accompanying balance sheet and related statements of 1962 and the results of its operations for the year ended on that date, in accordance with the requirements of the Companies Act, are correct.

Toronto, Canada,
March 22, 1963.

Chemicals Limited

Laws of Ontario

December 31, 1962

(at December 31, 1961)

LIABILITIES

CURRENT LIABILITIES:

	1962	1961
Bank loan, secured		\$ 25,000.00
Accounts payable and accrued expenses	\$ 54,188.88	58,984.06
	<u>54,188.88</u>	<u>83,984.06</u>

OTHER LIABILITIES:

Advances from associated company		171,734.12
Chattel mortgage, 6%, due May 2, 1967	100,000.00	
Loans payable to shareholders	18,248.70	
	<u>118,248.70</u>	<u>171,734.12</u>
	<u>172,437.58</u>	<u>255,718.18</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK:

Authorized, 700,000 shares of no par value		
Issued, 614,848 shares	1,306,159.00	1,306,159.00

DEFICIT	749,682.39	776,561.54
	<u>556,476.61</u>	<u>529,597.46</u>
	<u>\$ 728,914.19</u>	<u>\$ 785,315.64</u>

REPORT

December 31, 1962 and the statements of income and deficit for the year ended
and such tests of accounting records and other supporting evidence as we considered

and deficit present fairly the financial position of the company as at December 31,
with generally accepted accounting principles applied on a basis consistent with that

THORNE, MULHOLLAND, HOWSON & McPHERSON,
Chartered Accountants.



Statement of Income

Year ended December 31, 1962
(With comparative figures for 1961)

	<u>1962</u>	<u>1961</u>
Sales	\$683,291.67	\$700,238.94
Cost of goods sold, selling and administrative expenses	<u>603,710.33</u>	<u>668,094.66</u>
Operating profit before depreciation	79,581.34	32,144.28
Depreciation	<u>52,702.19</u>	<u>51,824.76</u>
NET INCOME (LOSS) FOR YEAR	<u>\$ 26,879.15</u>	<u>(\$ 19,680.48)</u>

Statement of Deficit

Year ended December 31, 1962
(With comparative figures for 1961)

	<u>1962</u>	<u>1961</u>
Deficit at beginning of year	\$776,561.54	\$756,881.06
Net income (loss) for year	<u>26,879.15</u>	<u>(19,680.48)</u>
DEFICIT AT END OF YEAR	<u>\$749,682.39</u>	<u>\$776,561.54</u>



New Surpass Petrochemicals Limited

Manufacturers of

PETROLEUM SULPHONATES

LUBRICATING OILS & GREASES

RUST PREVENTIVES

OIL ADDITIVES

CUSTOM FORMULATIONS

